

TESTING THE LAW REGARDING TRUSTS

IN HIS SPEECH before the Pittsburg chamber of commerce last Tuesday on trusts and their relation to interstate commerce, Attorney General Knox made the following frank statement of what the administration has already done to enforce the existing laws against trusts:

In the early part of this year, it came to the knowledge of the president that great railroad systems in the Middle West, upon which every section of the country is dependent for the movement of breadstuffs, had entered into unscrupulous agreements to transport the shipments of a few favored grain buyers at rates much below the tariff charges imposed upon smaller dealers and the general public. This injustice revealed to such an extent and for so long a time that most of the smaller shippers had been driven from the field, and the business formerly enjoyed by them absorbed by a limited number of persons, who received secret and preferential rates. In a word, there was practically only one rate for all railroads, system, and the illegal advantages secured from the carrier gave him a monopoly of the grain trade on the line with which his secret contact was made.

In the earlier period of this discriminating practice it is probably true that the producer obtained a price for his grain slightly in excess of its market value at the place of shipment; but that result followed only during the short time that the favored dealer was in business. When he was forced to the wall, as he soon was, the only buyer whom the producer could reach was the party who had bargained with the carrier for an advance rate. Thus competition in the grain business was destroyed and the price actually realized by the farmer was frequently less than the proper market value. A favored middleman, by collusion with the railroad, monopolized the grain products of a large area of country, and virtually fixed the price both to the producer and the consumer. It was an odious condition. Nor does this describe the full measure of wrongdoing. It reached the centers of trade and affected related industries with more or less disaster. In Kansas City, for example, it was asserted that local dealers had been excluded from participation in the grain trade; that their elevators for the storage and transshipment of grain, built at great expense for the demands of an important market, had been deprived of business, and that large numbers of laborers had lost employment and remained in idleness, solely because of the discussion of trusts from its national channels as the result of this forbidden monopoly in the purchase and transportation of grain. The board of trade of that city presented a complaint to the Interstate Commerce commission, and that body conducted an investigation, which disclosed, with convincing particularity and detail, the facts already summarized. That they are true in substance and effect is not seriously disputed in any quarter. This commission also, about the same time, held a public investigation and reported to the department of justice that the six largest meat-packing concerns, popularly known as the "Beef Trust," were in a combination with each other and with many great railway lines, whereby they secured large secret concessions in rates for the transportation of their products, which enabled them to practically monopolize the fresh and cured meat industry of the United States.

Uncle Sam Acts.
Acting upon this information, which disclosed definite and provable facts, bills for injunctions were immediately filed against the principal railroads involved, to restrain them from giving preference to any shipper in the rates or facilities of transportation. In March last, there were instituted by the government, in the United States circuit court at Chicago, six suits in equity against offending railroad companies; and, simultaneously, eight additional suits were begun against other railroads at Kansas City. In each instance, temporary injunctions were granted, which are still in force, restraining the defendant railroads from paying any rebates or granting any preference whatever to any shipper, so that all persons should stand on an even footing in respect of transportation over the enjoined roads.

It was not practicable, of course, nor desirable, to bring injunction suits against all the railroads in the United States, but it was believed in the most proceeding against fourteen of the most influential lines, and having the mercantile force of two very eminent Federal judges to the effect that the facts alleged in the bills entitled the government to the powerful remedy of injunction, that the

other carriers would thereafter conform to the law and abstain from illegal practices. How salutary and wholesome the effect has been, any fair-minded railway manager, who is now enabled to adjust his business freed from the stress of competition with lawbreakers, or any honest shipper upon the defendant roads, is believed that, with few exceptions, since the issuing of these injunctions, the open tariffs have been applied and uniform rates charged to large and small shippers alike. The small grain buyers in the West have resumed operations, the elevators that were closed are doing a profitable business, and the workmen are again employed.

In a few cases the department has been informed that certain railway officials who were not enjoined have taken advantage of the restraint placed upon their competitors, and been led by cupidity to seek unlawful earnings by awarding secret rates to increase their business at the expense of roads under injunction. Several of these officials have been indicted already, and more will be if evidence of their misconduct can be procured. And in this connection, I take occasion to say that the efforts of the commission to stop rate-cutting and all similar offenses will be constantly aided by the department of justice and every official under its direction. This nefarious business is to be stopped if it is in the power of the administration to stop it.

Southern Roads Disciplined.
Another direction in which kindred effort has been made to enforce the law and prevent the abuse of monopoly and the interests of the South, growers, buyers and shippers, complained of the hardships and injury suffered by them from the methods of the railroads in that section in handling and transporting the cotton output. These carriers, by combined action, denied the right of routing the shipper to prescribe over what route his goods should pass, and by agreement with each other determined the lines which should move the important product and the percentage of total shipments which each line should transport. In other words, there was a pooling of the railroads in that section in respect of this traffic, in distinct violation of the Federal statute.

As the result of information, secured through the public hearing, and other hidden practices, a number of indictments were obtained against the offending roads and their principal traffic officers. At the same time, the department of justice, in order to continue their showed an intention to continue their unlawful combination, and steps were taken by the department to institute similar proceedings against the same and other carriers for like misconduct at other points in the cotton section. Since that time, however, the roads have acceded to the right to route their traffic, and to allow their purpose strictly to observe the law.

After Beef Trust.
The remarkable advance in the price of meats, coupled with the disclosures elicited by the commission respecting secret rebates enjoyed by the great packing houses, and other information obtained by the department of justice, induced it to direct an investigation into the methods of the so-called "Beef Trust," as a result of which bills were filed under the Sherman anti-trust law and injunctions issued restraining each of the six defendant concerns from combining, or agreeing upon the prices at which they would sell their product in states other than those where it is prepared for market, and likewise restraining them from conspiring to restrict upon cartage charges for delivering their shipments at destination.

Under the rules of the Federal courts, after the writs of injunction were issued, the defendants had until midsummer to answer or demur to the government's bill of complaint. They chose to demur to the bill, which raises the question whether, on the facts stated, and under the Constitution and existing laws, they are amenable to the control of the Federal government.

The Hill-Morgan Merger.
The Northern Pacific and Great Northern railroads, having their eastern terminal at the head of Lake Superior, and extending westwardly via Minneapolis and St. Paul to the Pacific Ocean, occasionally interesting and agree separations, and generally no farther distant from each other than 100 miles, and being in fact practically the only competitor in the transportation of traffic to and from most of the states traversed by them, combined together and purchased the capital stock of the Chicago, Burlington

and Quincy railroad system. Thus those two trans-continental lines became the joint owners of another great system, which was gradually passing its route northwesterly into the territory occupied by the purchasers, and westwardly to the Pacific ocean.

To effect this purchase, the Northern Pacific and Great Northern companies issued joint bonds for \$20,000,000. Shortly after the purchase of the Burlington road the principal owners of the Northern Pacific and Great Northern roads caused to be organized, under the laws of New Jersey, the Northern Securities company, with a nominal capital of \$100,000,000, of which \$20,000,000 was paid in. That company was organized to become the owner of the capital stock of the Northern Pacific and Great Northern railroads, and this was accomplished by an exchange of the stock of the New Jersey corporation for the stock of the two railroad companies at such price that, if the Securities company got all of the stock of both roads, its entire \$100,000,000 of capital would be absorbed in the exchange.

At the time of the purchase of the Burlington road, the capital stock of the three railroad systems was about \$20,000,000. The combined traffic carried by those roads might, after paying expenses of operation, reasonably be expected to provide dividends for the stockholders of the Burlington and the inflation of the "Securities" capital, that same traffic is now expected to provide dividends upon more than two hundred millions of stock in addition to the original \$20,000,000.

When the department came into possession of these facts, a suit in equity was instituted to restrain the formation of the proposed merger and to restore the independence of these trans-continental railroads as competing lines, which suit is now pending.

The Ground Well Covered.
Here, then, are four phases of the attack on combinations in restraint of trade and commerce—the railroad injunction suits, the cotton pool cases, the "beef trust" cases, and the Northern Securities case. The first relates to the monopoly produced by secret and preferential rates for railroad transportation; the second to railroad traffic pooling; the third, to a combination of independent corporations to fix and maintain extortionate prices for meats; and the fourth to a corporation organized to merge into itself the control of parallel and competing lines of railroads and eliminate competition in their rates of transportation. There appears to be no doubt of the facts set out in the bills filed in these various cases. The combinations proceeded against are in some respects different from those considered in cases that have been decided by the Supreme court, and it is said by their organizers that they have avoided the prohibitions of the anti-trust law. The department of justice, being of opinion that they are in violation of that law, found it to be its manifest duty to advise the president, with the result which is known to all.

DALTON.

For a long time there has been felt the need of a reading and recreation room in this place, where young men, especially might spend their evenings. A meeting was called for in the Methodist church on Monday evening to consider the advisability of establishing such a room in a reading club, after which an organization was effected. Rev. A. J. Van Cleft was elected president; Rev. R. H. Thompson, vice president; and Charles H. Von Storch, secretary, and Dr. E. A. Fuller, treasurer. E. M. Tidany, Prof. C. B. Hanyen and John Williams were elected trustees. A membership of one dollar was made, with the understanding that all who joined could contribute more if they wished. A committee was appointed to draft a constitution, and a general meeting will be held again on Friday evening in the Methodist church. It is proposed to locate this club room in the store where the post office was recently located. Besides papers and magazines, there will be games of various kinds and an effort will be made to have established here a branch of the Pennsylvania tree library. This seems to be one of the best moves made in this town for a long time. There is no reason why this should not be made a great success and benefit to the entire community. There seems every prospect of establishing a good library here.

Mrs. Conroy and daughter, of White Plains, New York, is the guest of her cousin, Mrs. Frank Colvin. Harvest home services were held in the Methodist church on Sunday. The decorations were very tastefully arranged about the pulpit and the pastor, Rev. A. J. Van Cleft, preached two excellent sermons.

Miss Elsie Evans and Mrs. Thomas, of Scranton, were guests of Mrs. Ira Kresge on Sunday.

THEATRICAL.

"King Dodo" at Lyceum.

A comedy-opera is what the responsible manager, Frank Pixley and Gustav Laddner, call "King Dodo," which was given at the Lyceum last night by a company which contained a number of the persons who were in the original article that presented "King Dodo" in New York.

King Dodo is the ruler of Dooland, a fantastic country, and is in search of something that will restore to him his youth, which he lost for some years ago. He is told of a spring that will make the young old and the old young and his search for it brings him to the domain of the queen, the Sponiards who has waited years for a white man to come who will have years and wisdom in his credit. Such a man will she ask to share the throne and she comes a conqueror until he drinks from the well of youth. He is transformed and the queen will have none of him for she wants age, not youthful youth. To regain his youth he drinks again of the waters of the spring his age is restored and with it he regains his queen.

King Dodo's experiences at home and abroad are of a character that furnish an abundance of laughs. The king was played last night by Dan Calliver, a comedian of the natural kind, who can get laughs without having to become "horses." The laughs he provoked last night were numerous and his songs won repeated encores.

The music of the opera has the brightness and swing so essential to the light opera and several of the numbers notably "The Tale of a Bumblebee" and "Frolics" are the kind that will be whistled extensively today.

Mr. Collier is surrounded by a good company and a chorus of excellent voices. The costumes and stage are of a particularly pleasing feature of the opera which will be repeated this afternoon and evening at the Lyceum. The matinee begins at 2 o'clock and the special prices are 25, 50 and 75 cents and \$1.

An innovation was introduced in the matter of programmes last night. To destroy the spirit of the great programmes were delicately performed with "Al Lotis."

"A Fight for Millions."

Malcolm Douglas' big production, "A Fight for Millions," which has drawn crowded houses in New York and Philadelphia, will be seen for the first time in this city at the Academy of Music for three days commencing Monday evening, Friday and Saturday. The play is one of the most elaborate of its kind ever presented, and will prove the biggest scenic production witnessed on the stage of this house. One scene shows the bottom of the Hudson river, with a submarine boat dashing through the dark green depths. In another scene the wireless telephone is introduced, and is the means of proving the innocence of the hero. There are fine scenes in all of the most remarkable character.

Among the spectacular effects are a burning house and rescue, a railroad catastrophe in the Grand Central tunnel in New York in which a locomotive is introduced, an escape from a notorious "fence" in the metropolis, the flight of the hero, Tom Manly, from the death-cell at Sing Sing to which he has been unjustly condemned to die, and a thrilling leap for life. A number of excellent specialties are introduced in the entertainment which is one of the most fascinating ever offered in the popular priced theaters.

Bennett-Moulton Co.

During the engagement of the Bennett & Moulton company, which begins a week Monday at the Academy of Music, a number of metropolitan successes will be added to its extensive and popular repertoire. New scenery, furniture, properties and equipments will be employed, and the company for this season has been especially engaged for their adaptability to the various roles assigned to them.

The stock of the company, etc., is so great that they are enabled to make complete productions of every play they present. Daily matinees will be given beginning Monday.

Smedley Sketch Club.

One of the interesting features at the Dixie theater this week is the tableau given by the Smedley Sketch club, in which the club members appear as "The Princess in the Tower." In the tableau the father's dream the two boys present a living representation of the celebrated painting by Sir John Millais that has been admired by the art connoisseurs.

Vanity Fair Burlesquers.

The attraction offered at the Star for the balance of the week, beginning with matinee this afternoon, will be that popular burlesque and vaudeville organization, "Vanity Fair Burlesquers," which has made such a favorable impression wherever it has played. A number of many pretty women, funny comedians, and catchy musical numbers, as this organization, and the scenery and costumes, are a capital of money can say. The programme concludes with a farcical burlesque introducing some of the very best and cleverest people on the vaudeville stage. Matinees every day.

Mme. Sembrich at Armory.

The New York Herald of yesterday says of Mme. Sembrich's return to this country: "Mme. Marcella Sembrich, who to make her reappearance in New York in a recital at Carnegie hall on November 13, arrived on the Kvonprinz Wilhelm yesterday. The prima donna is in the best of health and spirits, and was effusive in her expressions of joy at being again in America."

"An agent was present at the pier to look out for her baggage, and Mme. Sembrich went at once to the hotel, where she will remain until her concert tour, under the management of Mr. C. L. Griffin, is opened in Scranton, Pa., October 21. She will visit the largest cities of the east and central west before returning to New York to join Manager Grau's opera company at the Metropolitan."

There will be two arbitrators to be named not later than two months after the date of the protocol, Aug. 28, and they are to appoint an umpire, or, failing to agree on an umpire, the king of Norway and Sweden will be asked to name an umpire. Each side, the Japanese government on the one hand, and Great Britain, France and Germany on the other, will have eight months from Aug. 28, in which to deliver written or printed copies of its case, and thereafter six months in which to deliver written or printed copies of its counter case.

RUSSIANS DESPOILED ROAD.

Chinese Indignant at the Condition of Shanhaikwan Line.

By Exclusive Wire from The Associated Press. London, Oct. 15.—In a despatch from New-chwang a correspondent of the Times says that the Chinese officers are indignant at the condition in which the Shanhaikwan-New-chwang railroad has been restored to them by the Russians. In many places everything portable has been removed. The rolling stock was left in extremely bad condition, only three locomotives out of twenty-six being fit for use. The plant everywhere testifies to rough handling and general neglect. The expenditure of a large sum of money will be required to put the road in order.

NEXT CASE FOR THE HAGUE.

Protocol for Submission of the Japanese "House Tax" Published.

By Exclusive Wire from The Associated Press. Yokohama, Oct. 1, via Victoria, B. C., Oct. 15.—The protocol, which has long-pending dispute as to the liability of centers of treaty-protected property in Japan for taxation other than for such dues as are stipulated in their leases, is going to The Hague for arbitration, defines the issue as follows: "Whether or not the provisions of the treaties and other engagements above quoted exempt only land held under leases in perpetuity granted by or on behalf of the Japanese government, or land and buildings of what-

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FAREWELL TO MGR. GUIDI.
The Pope Expresses His Confidence in Governor Taft.
By Exclusive Wire from The Associated Press. Rome, Oct. 15.—The pope today received in farewell audience Archbishop Guidi, the apostolic delegate in the Philippines, and his secretary, Father O'Connor. They will leave here on Oct. 17 and embark at Marseilles on Oct. 19 for the Philippines.

The pontiff impressed the archbishop with the necessity for a speedy satisfactory solution of the Philippine questions, adding that his slight acquaintance with Governor Taft was sufficient to convince him that the interests of the church had no need to fear injustice. The archbishop promised to do his utmost to carry out his instructions.

HUNGARIAN DYNAMITE PLOT.
Guards About the President of Parliament Reinforced.
By Exclusive Wire from The Associated Press. Budapest, Oct. 15.—A workman having informed the police that a plot is on foot to blow up the president of the Lower house of the Hungarian parliament by placing a bomb beneath his chair, the detective force on duty at the house has been increased.

RUSSIAN ANTI-ZIONIST MOVE.
By Exclusive Wire from The Associated Press. St. Petersburg, Oct. 14.—Finance Minister de Witte has forbidden the shares of the Jewish Colonial Trust to be bought or sold in Russia. This action caused consternation among the Polish Zionists, who strongly supported the trust.

In Lodz, Russian Poland, alone, shares to the amount of \$75,000 were purchased recently.

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